



## Slide 1

# Outlook for International Travel to the U.S.

## 2006 Marketing Outlook Forum

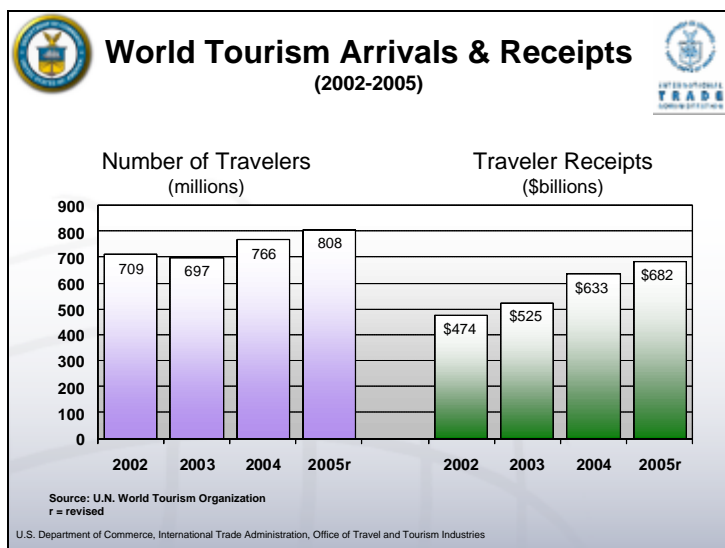
Presented by:

**HELEN MARANO, Director**  
Office of Travel and Tourism Industries  
International Trade Administration  
U.S. Department of Commerce  
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The following information on the outlook for international travel to the U.S. was presented by Helen Marano at the TIA 2006 Marketing Outlook Forum. The travel forecasts are produced by the U.S. Department of Commerce, Office of Travel and Tourism Industries in conjunction with Global Insight, Inc.

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World traveler volumes and traveler spending have been flat for several years, but have increased sharply in 2004. Preliminary data for 2005 shows a continued solid growth occurred in 2005 to a record 808 million travelers spending \$682 billion.

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### Top Five Country Rankings of Global Visitors and Receipts (2005)

Rank	Destination Country	2005 Visitors (mil)	World Share (%)
1	France	76	9.4%
2	Spain	56	6.9%
3	United States	49	6.1%
4	China	47	5.8%
5	Italy	37	4.6%
All Countries:		808	

Destination Country	2005 Receipts* (\$bil)	World Share (%)
United States	\$82	12.0%
Spain	\$48	7.0%
France	\$42	6.2%
Italy	\$35	5.1%
Germany	\$29	4.3%
All Countries:	\$682	

*The United States continues to lead the world in global travel and tourism exports (receipts) and ranks 3rd in global visitation.*

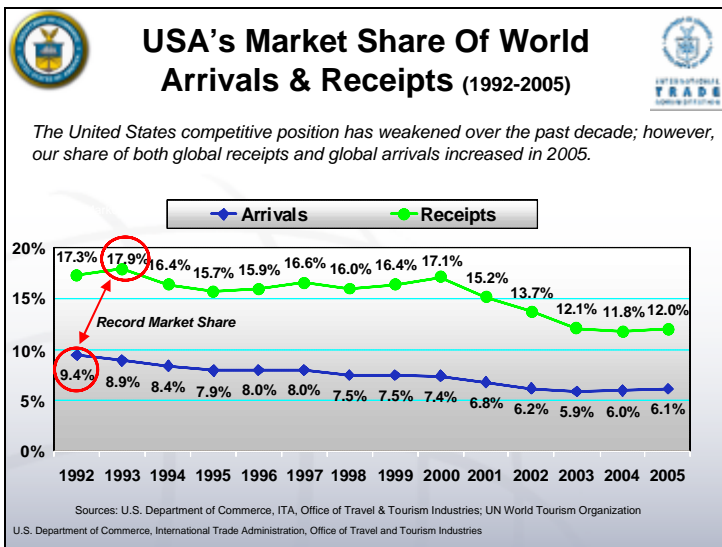
Source: U.N. World Tourism Organization  
\* Receipt estimates exclude air passenger fares (\$21 billion for U.S. alone)  
U.S. Department of Commerce, International Trade Administration, Office of Travel and Tourism Industries

This chart displays the 2005 global rankings for visitors, on the left, and visitor spending, on the right.

As the data demonstrate, the U.S. is far below France in global market share, and a percentage point below Spain. China is quickly catching up to the competitive position of the U.S. The export values (receipts) position of the U.S. is still far ahead of other nations, despite loss in market share over the years.

John's take: Though we rank third in our share of global arrivals, behind France and Spain, respectively, the United States travel and tourism industries generated 71% more revenue than Spain and an astounding 95% more revenue than France, though they received far and away more travelers than the United States.

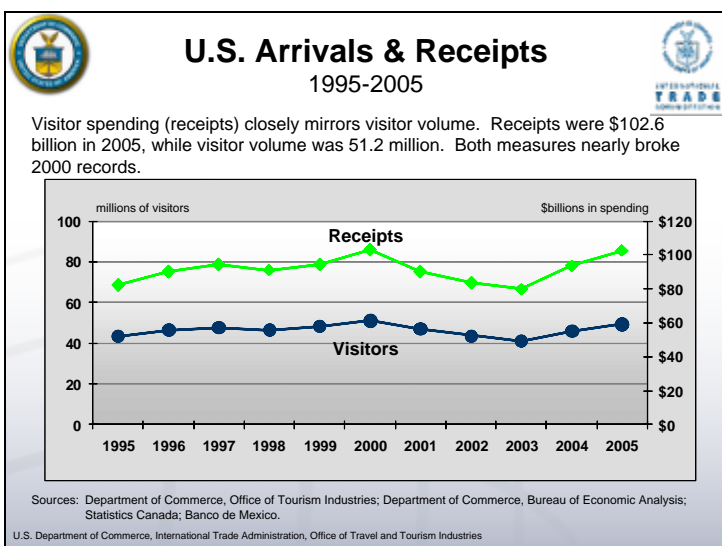
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This graph shows the decline in market share over the past decade. Note that the peak for share in receipts over the this time was in 1993, matched by a weakening position in share of travelers.

John's take: However, the United States' share in both global arrivals and global receipts increased in 2005, and, as a matter of fact, the United States was the ONLY country in the top 5 worldwide to post positive gains. France and Spain's market share declined 4% and 2%, respectively, representing the second consecutive year of declining market share for those two countries.

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NOTE: The actual data for a specific year can be found in the data file behind the graph. Just "double-click on the graph to get to the data file.

Visitor volume from all countries remains down 3.7% from the 2000 record of 51.2 million. Canada, the largest market, is up 1.3% since 2000 but remains down from the 1991 record of 19.1 million. Mexico, the second largest market, set another record in 2005. The remaining overseas markets remain down 17% from the 2000 record high of 26.0 million.

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**Top Ten Travel Export Markets (2005 & record receipts/year)**

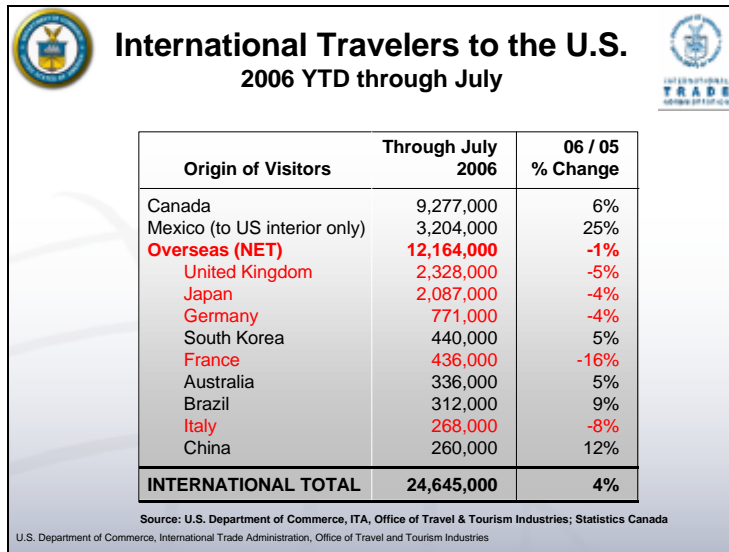
Origin Country	Total Travel Receipts 2005 (\$mil)	Record Travel Receipts (\$mil)	Year Record Set
Japan	\$16,520	\$17,803	1995
United Kingdom	\$13,464	\$13,464	2005
Canada	\$11,586	\$11,586	2005
Mexico	\$8,500	\$8,500	2005
Germany	\$4,886	\$6,117	1996
France	\$3,098	\$3,654	2000
Australia	\$2,803	\$2,554	2005
Korea	\$2,608	\$2,653	1996
Brazil	\$2,201	\$3,862	1997
Italy	\$2,201	\$2,558	1998
<b>U.S. TOTAL</b>	<b>\$102,611</b>	<b>\$103,087</b>	<b>2000</b>

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Four of the top 10 countries set records in 2005 (U.K., Canada, Mexico, and Australia).

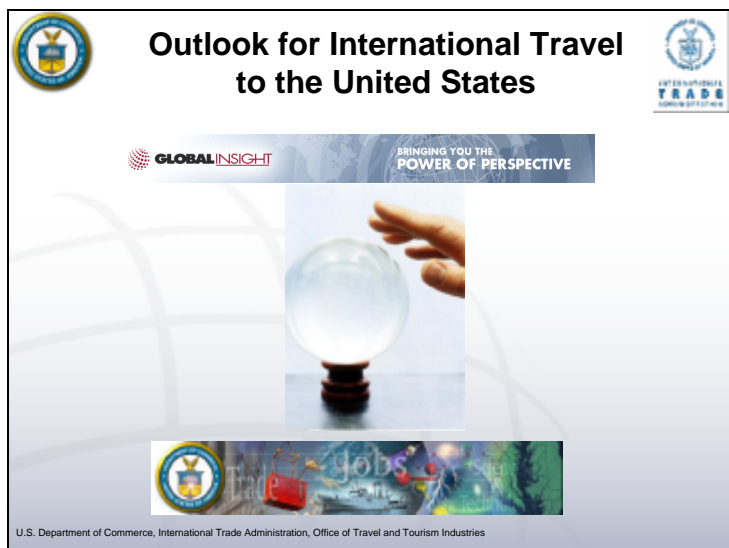
Total receipts in 2005 were nearly \$103 billion; if receipts continue to grow as they have throughout 2006, we should set a new all-time record for international visitor spending in the United States with nearly 4% growth to \$107 billion in travel and tourism exports.

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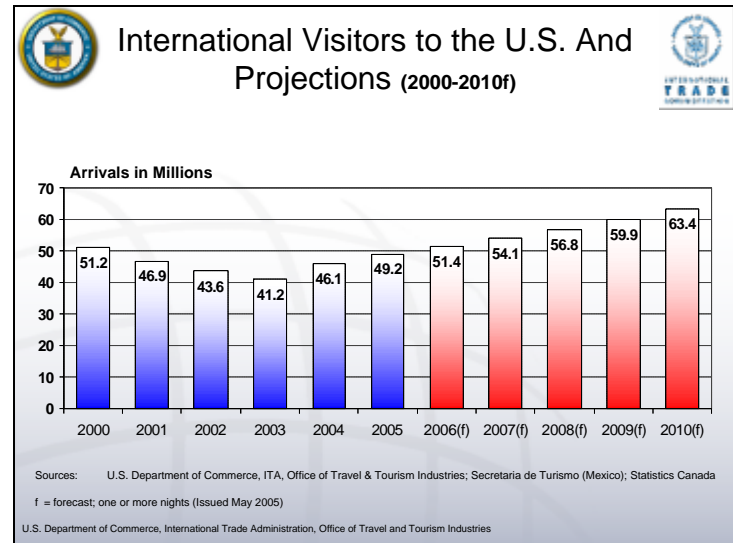
What stands out most here is not only that France is down -16% through July 2006, but that most European countries are down in 2006. Thankfully, Mexican visitation is up 25%, helping to offset the decline in European travelers visiting the United States.

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So far, we've focused on past trends and current profiles. Now let's take a peek into what we see occurring in the next few years.

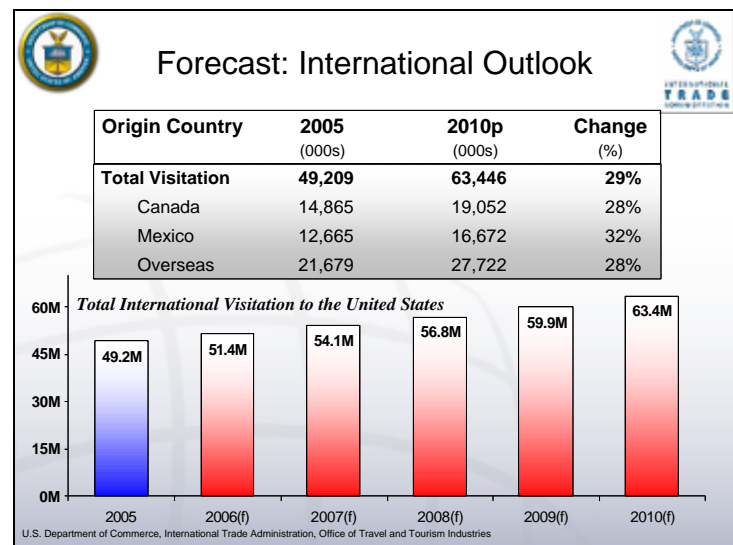
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Here's the total historical trend from 2000 through 2005...and forecasts for 2006 through 2010. We'll cover 2005 actual performance in a minute...Note that we anticipate sustained solid growth over the next several years. 2006 levels should surpass the previous record established pre-9/11.

The growth forecast for international arrivals for the next several years is 5-6% per year. This forecast is based on several variables and assumptions--including growth in world travel, which in turn is based on GDP growth projections, exchange rates and other factors

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The absolute growth rate of total international visitation to the United States is projected to be nearly 30% by 2010, meaning we expect visitation to increase by nearly a third over the next four years. All regions (Canada, Mexico, and Overseas) all exhibit similar growth patterns showing strong, positive gains through 2010.

These forecasts, however, are driven purely by economics and do not take into account non-economic factors that could strongly impact U.S. travel and tourism.

### Mexico

8) Mexico has set four consecutive visitor volume records, including the anticipated 2006 volume growth.

9) Total visitor flows to and from the U.S.—including day trips and border crossing—is 200 million person-visits annually.

10) The forecast for Mexico remains strong...at levels comparable to Canada and the entire U.S. inbound market.

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Origin Country	2005 (000s)	2010p (000s)	Change (%)
<b>Overseas (Total)</b>	<b>21,679</b>	<b>27,722</b>	<b>28%</b>
Europe	10,313	12,721	23%
Asia	6,198	8,242	33%
South America	1,820	2,509	38%
Caribbean	1,135	1,232	9%
Oceania	737	926	26%
Central America	696	749	8%
Middle East	527	559	6%
Africa	252	290	15%

p = Projected Visitation

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John's take: The Middle East is projected to have the smallest gains in international visitation to the United States, growing by only 6% (in absolute terms) through 2010, followed by Central America (8%), and the Caribbean (9%). The rest of the regions are expected to grow by double-digits.

International visitation from South America is projected to exhibit the strongest growth, increasing by 38%

through 2010...followed by Asia (33%) and Oceania (26%).

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## Summary of International Outlook




- 2006 international visitor volume will reach the previous 2000 record level. Spending is on pace to break the 2000 record.
- Canada and Mexico are providing the growth in 2006. Asian and South American markets are also strong. Western Europe is flat.
- Outlook is positive and consistent across most regions and markets due to GDP growth and favorable currency exchange rates.

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## Policy Challenges



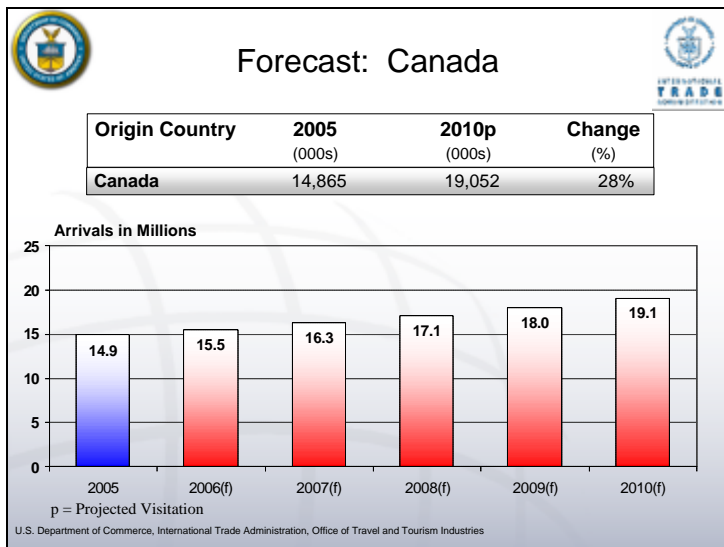
- Western Hemisphere Travel Initiative (WHTI)
- Visa Issues
- Entry/Exit Procedures
- World Competition
- World Perception



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27 countries produce 67% of all international arrivals to the United States (i.e., 67% of all arrivals are from Visa-Waiver Program countries)

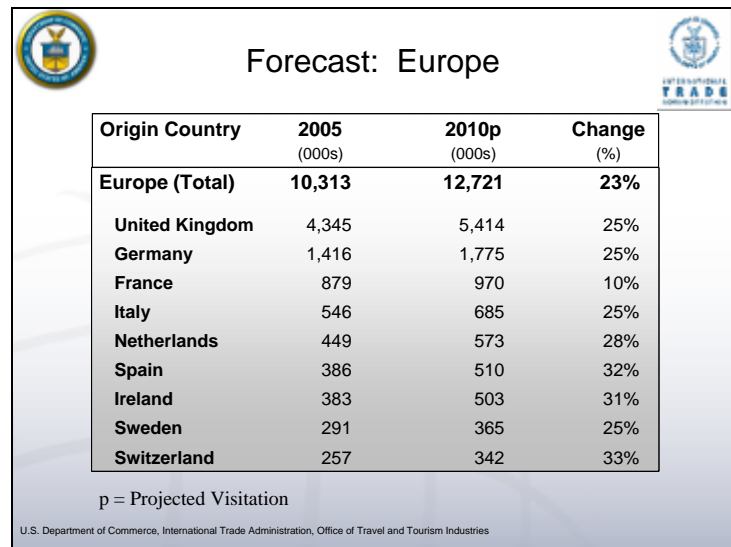
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### Canada

- 3) Canada is and will remain the United States' top visitor origin market out to 2010.
- 4) Visitor volume recovery from post 9/11 declines is complete, but levels remain below early 90s record level of 19.1 million.
- 5) Inbound to the U.S. will increase 5.1% annually, the same as all international markets combined, and will reach the 19.1 million previous record.
- 6) Spending is even stronger, and coincides with the most favorable exchange rate since the early 90s. Average party spending in 2005 surpassed \$1000 for the first time, at least in the recent past. Total Canadian spending is a close third behind Japan and the U.K.
- 7) Outbound from Canada is the complete opposite from inbound trends. Monthly totals over the past few months—including day trips—are the lowest since visitor volume was first measured in the early 70s.

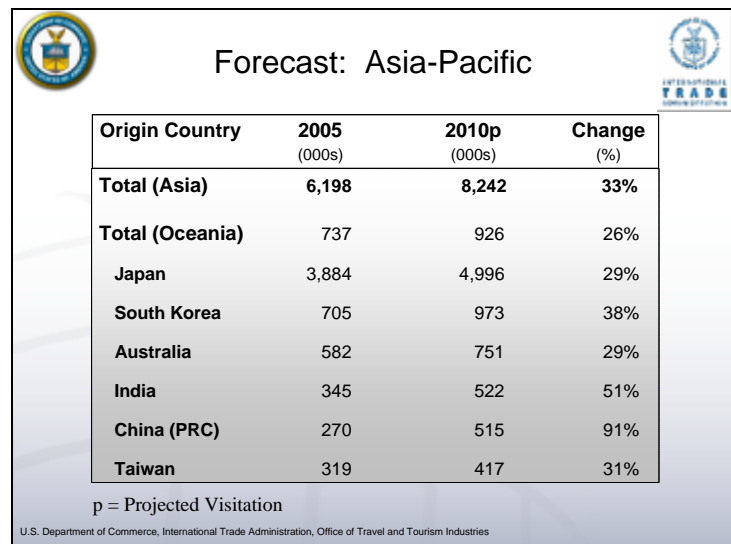
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Europeans spent more than \$34 billion on travel and tourism-related goods and services in the United States in 2005, an increase of 8% in 2005. Arrivals from Europe increased 7% in 2005.

Arrivals are projected to increase by 23% in 2010 to nearly 13 million European visitors a year. Each country within the top 10 origin markets in Europe should increase by double-digits in 2010 over 2005, even France.



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## Asia

- 1) Asia will generate the second highest growth from 2005-2010—34%—second only to South America.
- 2) Japan was 63% of all visitors from Asia in 2005. This share will decline to 47% in 2010 despite the annual growth rate of 5.2%. This is because...
- 3) The growth rates for China (PRC), Indian, and Republic of Korea are even HIGHER. China visitation will nearly double in five years. India's growth will total 50% from 2005 to 2010, and visitation from the Republic of Korea will increase 38%.

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Origin Country	2005 (000s)	2010p (000s)	Change (%)
<b>Total (South America)</b>	<b>1,820</b>	<b>2,509</b>	<b>38%</b>
<b>Brazil</b>	485	695	43%
<b>Venezuela</b>	340	473	39%
<b>Colombia</b>	325	446	37%
<b>Argentina</b>	189	260	38%
<b>Peru</b>	152	173	14%
<b>Ecuador</b>	143	189	32%
<b>Chile</b>	102	148	45%

p = Projected Visitation

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International visitation to the United States from South America is projected to increase by 38% through 2010.

More than 200,000 additional Brazilians are estimated to travel to the United States in 2010, an increase of 43% over 2005 visitation levels.